

Amendment No. 1 to SB3259

Cooper
Signature of Sponsor

AMEND Senate Bill No. 3259

House Bill No. 3329*

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by deleting all language following the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 66, Chapter 4, is amended by adding the following language as a new section to be designated as follows:

66-4-106.

(a) All contracts for home loans made by a governmental or nonprofit lender with a zero (0) interest rate or low interest rate loan must contain the following language:

This zero interest or low interest rate loan cannot be refinanced, replaced or consolidated without the prior, written approval of the local board of directors of the governmental or nonprofit lender which financed the loan so long as this initial, zero interest or low interest rate loan is in existence.

(b) For purposes of this section, a low interest rate loan is defined as a home loan that carries a current interest rate that is two (2) percentage points or more below the current yield on United States Treasury securities with a comparable maturity.

(c) Each mortgage or deed of trust securing a zero (0) interest or low interest rate loan shall state on the face of the instrument prominently displayed:

THIS INSTRUMENT SECURES A ZERO INTEREST OR LOW
INTEREST RATE LOAN AS DEFINED UNDER TENNESSEE CODE
ANNOTATED, SECTION 66-4-106 AND IS SUBJECT TO THE
RESTRICTIONS THEREIN.

(d) A lender may reasonable rely on such statement or lack thereof appearing on the face of the instrument as conclusive proof of the existence or non-existence of a zero (0) interest or low interest rate loan.

SECTION 2. This act shall take effect July 1, 2004, the public welfare requiring it.